

Midland Daily News (Michigan)
June 26, 2005

Pass CAFTA

It seems we've learned little since the North American Free Trade Agreement was put into place in 1994 concerning member countries and the enforcement of labor and environmental standards and the movement of companies and capital.

But even with those things considered, we see no reason why the Central American Free Trade Agreement shouldn't be passed by Congress.

President George W. Bush offered the faulty agreement this past week to Congress, which now has 90 days to vote it up or down, without amendment.

CAFTA, as the agreement is known, is patterned after NAFTA, and will open up trade between the United States and El Salvador, Guatemala, Honduras, Nicaragua, Costa Rica and the Dominican Republic.

Actually, it will remove tariffs from U.S.-exported goods to those countries because Bush already has relaxed tariffs for goods coming into the United States from those countries.

Opposition to the agreement has been stiff, some unjustified. For instance, Democrats, with a sprinkling of Republicans supporting them, say there isn't enough money in the agreement to help those workers who will be displaced by companies moving offshore. Companies moving offshore will continue whether or not CAFTA is approved and Democrats shouldn't be using that argument in this context. An August 2003 report from the McKinsey Global Institute, a think tank in San Francisco, estimates that outsourcing or offshoring jobs will increase by 30 to 40 percent a year over the next five years.

Some criticism is warranted, however. Democrats argue that the provisions protecting workers in the six countries is weak, and that work will flow to the country that has the lowest common denominator in labor standards and environmental laws. We see it occurring today, yet the Bush administration has not raised this as an issue.

In Michigan, we need to raise one other issue, and that is opposition to the pact by the sugar industry. The agreement will have a profound effect on the sugar industry in Michigan, but even without CAFTA, the industry is trouble, as evidenced by the closing of a local sugar plant recently.

Across the United States, candy companies are changing product lines or moving business to Canada because of the protectionism given the sugar industry.

The agreement will provide jobs to a part of the world in need of jobs and at the same time greatly help the region's textile and apparel industries, hopefully to the detriment of the China textile industry that is almost monopolistic. In addition it will add nearly \$2 billion a year to United States' exports.

CAFTA, while not perfect, is better than what we have and we urge Congress approve the agreement.